



National Audit Office

**REPORT BY THE  
COMPTROLLER AND  
AUDITOR GENERAL**

HC 1585  
SESSION 2010–2012  
4 NOVEMBER 2011

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**Department for Education**

Oversight of special education for  
young people aged 16–25

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National Audit Office

**Department for Education**

# Oversight of special education for young people aged 16–25

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**Report by the Comptroller and Auditor General**

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Amyas Morse  
Comptroller and  
Auditor General

National Audit Office

1 November 2011

Special education is the education, training and other support provided to students with special educational needs and disabilities. It is provided to young people with a wide range of needs, including learning difficulties like autism or dyslexia, sensory and physical disabilities such as visual impairment or mobility problems, and other profound and/or multiple needs. It covers a variety of assistance from, for example, additional classroom support to full-time packages of education and specialist therapy.

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# Contents

Key facts **4**

Summary **5**

Part One

Oversight and information  
framework **14**

Part Two

Indications of overall  
value for money **21**

Part Three

Using information in individual  
placement decisions **32**

Appendix One

Methodology **40**

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This report can be found on the  
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[www.nao.org.uk/special-  
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## Key facts

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**£640m**

was spent by the Government in 2009/10 supporting students in post-16 special education

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**147,000**

students aged 16–25 received special educational support

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**30%**

of young people with Statements of Special Educational Needs at 16 are not in education, employment or training at 18

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**£506 million**

Estimated spend in 2009/10 on 30,000 students with higher-level special educational needs

**79 per cent**

Proportion of total estimated expenditure supporting students with higher-level needs

**21 per cent**

Percentage of students aged 16–25 with special educational needs receiving higher-level support

**18 percentage points**

Increase since 2005/06 in the proportion of students with special educational needs attaining five GCSE A\*–C or equivalent or above by age 19

**80 per cent**

Success rate for students with and without special educational needs in further education

**16 per cent**

Real-terms increase in known expenditure on post-16 special education since 2005/06, from £554 million to £640 million

**13 per cent**

Proportion of young people with no special educational need at 16 who are not in education, employment or training at 18

# Summary

**1** ‘Special education’ is the education, training and other support provided to students with special educational needs and disabilities.<sup>1</sup> It is provided to young people with a wide range of needs, including learning difficulties like autism or dyslexia, sensory and physical disabilities such as visual impairment or mobility problems, and other profound and/or multiple needs. It covers a variety of assistance from, for example, additional classroom support to full-time packages of education and specialist therapy.

**2** Most young people’s special educational needs are identified before they are 16. At this age they reach the end of compulsory education, and those with continuing needs require support from their existing school or a new education provider. In the 2009/10 academic year, over 30,000 young people aged 16–25 received extra support for higher-level special educational needs, at a cost of around £506 million.<sup>2</sup> A further 87,700 with lower-level needs in further education received around £135 million of special educational support. An additional 28,800 students with lower-level needs were supported in mainstream schools, where the cost of support is not separately reported.

**3** Special educational support helps young people participate and achieve in education and training. Funding allows most students with lower-level needs to pursue academic and vocational qualifications on a comparable basis to other students. Many with more complex needs also obtain qualifications, sometimes with more intensive support. For example, around 5 per cent of all young people with a Statement of Special Educational Needs go to university. Others, for example those with more severe learning difficulties, may have learning aims focusing more on independence skills such as managing money or using public transport. A major challenge for the bodies overseeing special education is how to determine success given the breadth of individual needs.

**4** The **Department for Education** (‘The Department’) sets the policy framework for special education in England, including for young people aged 16–18 (and 19–25 for those with Learning Difficulty Assessments<sup>3</sup>). Its intention is that ‘every child with special educational needs reaches their full potential in school and can make a successful transition to adulthood and the world of further and higher education, training or work’. Its 2011 *SEN and Disability Green Paper* set out objectives of ‘employment, good health and independence’.

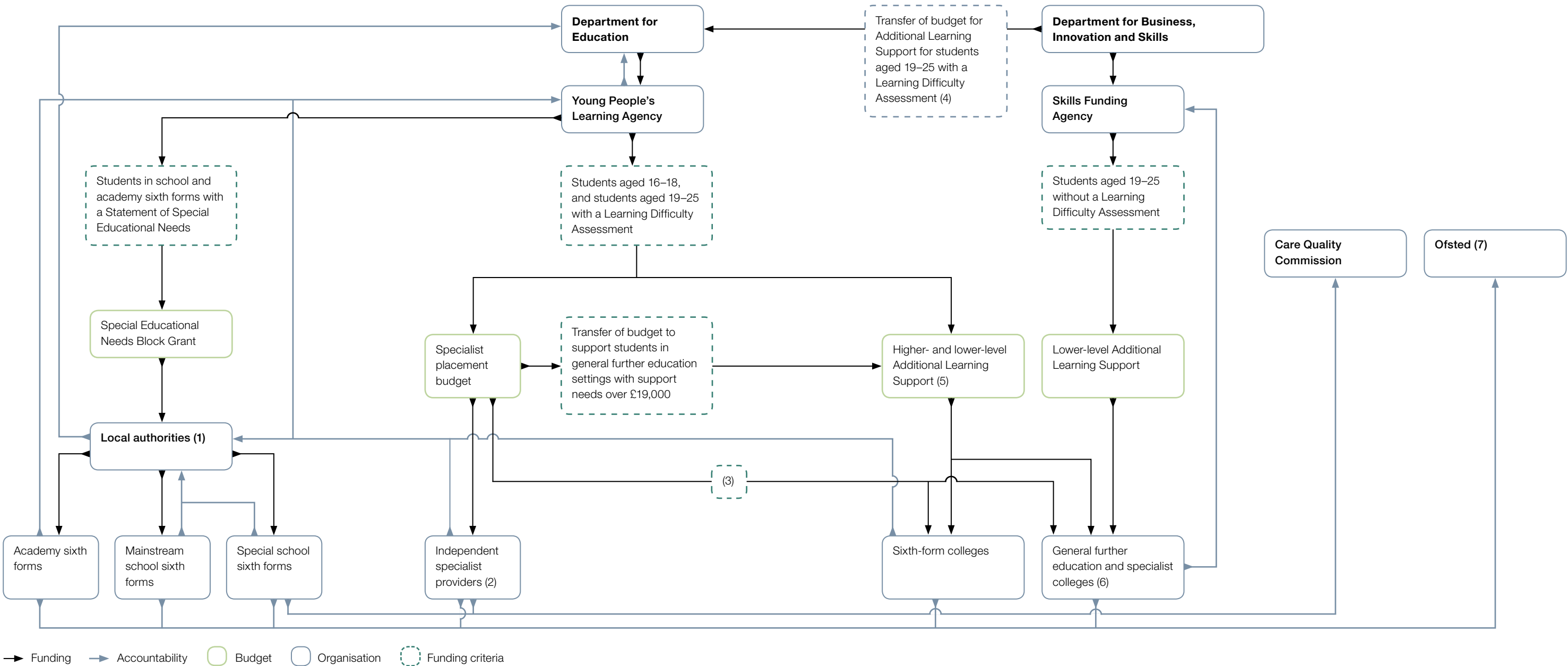
**5** **Figure 1** overleaf shows the provision, funding and accountability arrangements for 16–25 special education, which is provided within the wider post-16 education system. Students with special educational needs attend either ‘mainstream’ providers, such as general further education colleges and schools, or special schools and independent specialist providers. Our report *Getting value for money from the education of 16- to 18-year-olds* noted that provider mix in an area is, in part, a legacy of changing education policy, both locally and nationally.

<sup>1</sup> In schools, the usual terminology is ‘special educational need’ (SEN). In general further education, sixth-form colleges and independent specialist providers, ‘learning difficulty and/or disability’ (LDD) is used. In this report, we use ‘special educational needs’ to refer to students in all settings, unless otherwise stated.

<sup>2</sup> We use ‘higher-level special educational needs’ to refer to students who have a Statement of Special Educational Needs, attend independent specialist providers or receive Additional Learning Support over £5,500.

<sup>3</sup> See below, paragraph 6.

**Figure 1**  
Funding, accountability and provision in the 16–25 special education system (2010/11 academic year)



**NOTES**

1 The Special Educational Needs Block Grant is managed by local authorities and is not ring-fenced.

2 Placements in independent specialist providers are commissioned by local authorities via the Young People's Learning Agency, which contracts with and funds these providers.

3 Funding from the specialist placement budget is also used to fund some specialist placements in general further education.

4 The Young People's Learning Agency is responsible for all students with Learning Difficulty Assessments, and the Skills Funding Agency for students aged 19–25 without. In practice, as no data is collected centrally on whether students have Learning Difficulty Assessments, the threshold of £5,500 Additional Learning Support is used as a proxy.

5 School and academy sixth forms also receive Additional Learning Support from the Young People's Learning Agency, calculated on a formula basis based on students' prior attainment (not shown – see note 6, Figure 8).

6 Excludes private and other training providers, who received 2 per cent of total Additional Learning Support funding in 2009/10.

7 Estyn, the education and training inspectorate for Wales, inspects providers in Wales which may be attended by students from English local authorities funded by the Young People's Learning Agency.



**6** Most post-16 students with special educational needs make their own choice of provider. Those with higher-level needs should be placed in appropriate provision by local authorities, on the basis of continuing ‘Statements of Special Educational Needs’ or separate ‘Learning Difficulty Assessments’ for those leaving their current school. The preferences of students and their families should be considered in these decisions.

**7** The Department for Education largely devolves oversight of the post-16 education system, including special education, to other public bodies:

- The **Young People’s Learning Agency** (an agency of the Department for Education) funds education and training for all young people aged 16–18, and those aged 19–25 with Learning Difficulty Assessments.
- **Local authorities** must secure enough suitable education and training to meet the needs of all young people aged 16–18, and 19–25 with Learning Difficulty Assessments.
- The **Skills Funding Agency** (an agency of the Department for Business, Innovation and Skills) funds education and training for young people aged 19 and above, except those aged 19–25 with Learning Difficulty Assessments.
- **Ofsted** (the inspectorate for education, children’s services and skills) assesses the quality of education in each provider setting.

**8** The Department for Education’s *SEN and Disability Green Paper* proposes significant changes to special education from birth to age 25. The Department wants students with special needs to have a genuine choice of educational settings, free from any ‘bias towards inclusion’ in mainstream education. Proposals include a single Education, Health and Care Plan for those with special needs from birth to 25, a published ‘local offer’ of available services and, by 2014, the option of a personal budget for all families with children with higher-level needs.

## Scope of the report

**9** The Department for Education does not deliver special education for young people directly. However, it is responsible for policy objectives, the legislative and delivery framework, and for whether provision, overall, is value for money. To deliver their responsibilities, the Department, Agencies and local authorities need an oversight framework which provides information to assess value for money and inform decisions about special education provision and policy.

**10** This report examines whether the Department for Education, Agencies and local authorities use information effectively to help secure value for money from 16–25 special education in England. **Figure 2** sets out the criteria we consider reflect an effective framework. The report does not cover transition for young people leaving 16–25 education, or support for students in apprenticeships or higher education.

**Figure 2**

## Assessing information to support value for money in 16–25 special education

| Key value-for-money questions   | Criteria  |
|---|---|
| Part One: Is there a clear framework of oversight and information to provide assurance on value for money?            | <p>Clear lines of accountability for delivery and performance</p> <p>Effective oversight of the performance of all types of provider</p> <p>Information sources supporting overall assessment of costs, quality and outcomes across all types of provider</p> |
| Part Two: Does available information confirm that provision overall is value for money, including in the longer term? | <p>Objectives delivered across different providers and localities</p> <p>Explanations for large variations in cost, choice of providers and outcomes</p> <p>Evidence that improved outcomes provide longer-term benefits to students and the public purse</p> |
| Part Three: Are specific decisions about student placements based on full information about costs and outcomes?       | <p>Robust assessment of students' needs, and providers' ability to meet them</p> <p>Decisions based on full understanding of all relevant costs</p> <p>Adequate information to allow students and their families to make informed choices</p>                 |

Source: National Audit Office

**Key findings**

## Oversight and information framework

**11 The Department has reasonable oversight of specific special education funding and the general performance of providers. However, the Agencies' and local authorities' understanding of, and influence over, performance in delivering special education varies by provider type.** Special education is only one aspect of provision in mainstream education, and oversight frameworks for these providers understandably focus on general performance. Performance oversight and Ofsted assessments generate less specific evidence on the quality and performance of special education in mainstream settings. Both students and local authorities therefore have variable information to inform their choice of provider. Mechanisms for intervention in case of concerns over performance also differ. Specific sanctions can be applied to independent specialist providers, but intervention in further education is restricted to when general performance is at risk.

**12 There is good information on individual aspects of provision, but the Department's ability to assess the value for money of post-16 special education overall is limited by inconsistent data classification, incomplete visibility of expenditure and non-comparable or under-developed measures of success.**

There is good information covering expenditure on higher-level Additional Learning Support and placements with independent specialist providers, but total expenditure on supporting students with special educational needs is not known. Classifications of need are not comparable across provider sectors. Although numbers of students with Statements and other special educational needs in state-funded schools are reported, numbers of students with Learning Difficulty Assessments in further education can only be estimated using funding levels as a proxy. Course outcomes and student destinations are collected across further education and schools sectors, but not on a complete and comparable basis, and collection of destination data from independent specialist providers ceased in 2009. Enhancing employability and independence have been broad objectives for special education for some time, but the Department has yet to specify how it determines success against these objectives.

Indications of overall value for money

**13 Achieving the Department's objectives of greater independence and employability through special education could benefit individuals and reduce longer-term support needs.** We estimate that the cost to the public purse of supporting a person with a moderate learning disability through adult life (16–64) is £2–3 million at today's prices. Equipping a young person with the skills to live in semi-independent rather than fully supported housing could, in addition to quality-of-life improvements, reduce these lifetime support costs by around £1 million. Supporting one person with a learning disability into employment could, in addition to improving their independence and self-esteem, reduce lifetime costs to the public purse by around £170,000 and increase the person's income by between 55 and 95 per cent. If properly focused and effective, therefore, investment in special education should provide long-term returns. However, 30 per cent of young people with Statements at 16 are not in education, employment or training at 18, compared to 13 per cent of those without special educational needs.

**14 Where comparable data is available, course outcomes for young people receiving special educational support are improving at similar or better rates than for students overall, while known special education funding per head has decreased in schools and further education.** The proportion of students with special educational needs attaining five GCSE A\*–C or equivalent or above by age 19 has increased by around 18 percentage points since 2005/06. Qualification success rates in further education are similar for students with and without special educational needs, at around 80 per cent. In mainstream schools, students with special educational needs studying A-levels or equivalent have increased their average point scores faster than those without, although starting from a lower baseline. Total funding for special

education has increased in real terms since 2005/06, but higher student numbers mean that known funding per head for both Additional Learning Support and the Special Educational Needs Block Grant has decreased. Overall spend on independent specialist provider placements increased in real terms between 2005/06 and 2009/10, as did average placement cost. Both fell slightly between 2009/10 and 2010/11.

**15 There are wide local variations in the proportions of young people studying in different provider types, and in the availability and use of specialist provision (including special schools).** How far these variations reflect commissioning preferences or student choice is not known. In some areas, almost all students aged 16–18 with special educational needs study in schools, while elsewhere further education predominates. How frequently local authorities use general further education or independent specialist providers for students aged 19–25 with higher-level needs varies widely. Local or regional capacity constraints may affect the availability of choice between mainstream and specialist provision.

### Local placement decisions for individual students

**16 Learning Difficulty Assessments are key to local placement decisions, but require improvement.** Ofsted found that these assessments were inconsistent, over-dependent on historic links with providers, and can lead to significant inequities in residential placement decisions. Only half of local authorities responding to our survey felt the assessments were very effective. Assessments should consider student and parental preference, but disputes about placement decisions can lead to appeals and unforeseen costs, particularly around high-value placements. Although information can help parental and student choice, only 25 per cent of local authorities responding to our survey said they routinely provide information directly to parents on education providers' outcomes, and only 20 per cent on quality.

**17 Placement decisions for students with higher-level needs are not consistently informed by a full analysis of comparable costs, creating risks to value for money.** When deciding between independent specialist provision and general further education, comparable costs may include elements not funded by education budgets, but nonetheless paid for by the public purse. For example, while many local authorities consider a range of costs, less than a third responding to our survey have data on health and social care costs for students in mainstream settings. Our analysis suggests that taking all comparable costs into account could influence whether local authorities choose mainstream or independent specialist provision.

## Conclusion on value for money

**18** There are positive indicators that course outcomes for young people with special educational needs are improving while identifiable special education funding per head has been decreasing. Our analysis demonstrates the potential for positive outcomes at this stage in young people's lives to bring longer-term benefits both to individuals and the public purse. However, the Department, Agencies and local authorities do not currently have sufficiently complete or comparable information to fully understand the relationship between costs and outcomes across special education providers and between areas, or to fully inform student choice. In developing its proposed changes, the Department must address these limitations in the availability and use of information if it is to secure value for money in future from the £640 million of special education support for young people aged 16–25.

## Recommendations

**19** Diverse needs, and the importance of considering the implications and costs of changes within a wider system of post-16 education, present challenges for the Department in implementing its strategy. Our recommendations address the information problems highlighted in this report.

**Oversight frameworks differ by provider type, and the Department lacks information to assess value for money across provider types and student needs.**

The Department should:

- a** align implementation of work with the Department for Business, Innovation and Skills to develop terminology, definitions and datasets consistent with the needs of local authorities, so that students can be tracked consistently across provider types;
- b** work with Ofsted so that comparable systems of scrutiny and reporting for students with similar special educational needs are reflected in current work developing wider post-16 assessment frameworks;
- c** build on our analysis of lifetime benefits and costs so that the relationship of special education interventions to longer-term outcomes can be better understood; and
- d** standardise collection of destination data based on clearer specification of desired employability and independence outcomes.

**Assessments of young people's needs vary in quality, and local authorities do not always consider the full costs of different placement options to the public purse.**

Given its objectives to offer greater choice and personalised budgets to students and parents by 2014, the Department should:

- e** review the impact of local capacity constraints and associated value-for-money implications arising from the historic mix of provision;
- f** work with local authorities and their partners to develop consistent costing approaches, so that integrated assessments of need and personalised budgets are supported by a full knowledge of the cost of different options; and
- g** ensure that Education, Health and Care Plans place greater emphasis on longer-term outcomes and progression, and a fuller consideration of all viable placement options within the local offer.

# Part One

## Oversight and information framework

**1.1** This part of the report examines:

- whether the Department for Education, the relevant Agencies and local authorities have effective oversight regimes with clear accountabilities for all provider types and funding streams; and
- whether there is adequate information to effectively assess costs and outcomes across different provider types.

### Oversight and assurance regimes

**1.2** The **Department for Education** ('The Department') has overall responsibility for special education in England, including for young people aged 16–18 (and 19–25 for those with Learning Difficulty Assessments). Delivery is devolved, and the system managed by organisations with specific responsibilities for special education within their wider roles:

- The **Young People's Learning Agency** is an agency of the Department for Education created following the closure of the Learning and Skills Council in April 2010. It funds education and training for all young people aged 16–18, and of 19- to 25-year-old students with Learning Difficulty Assessments. It directly funds high-value placements, including those in independent specialist providers and further education, where the agency contracts with the provider. It also monitors the financial health, quality and performance of the providers it funds, including academies. This includes gaining assurance that funding has been used for the purpose intended. These tasks are frequently done in conjunction with the Skills Funding Agency.
- The **Skills Funding Agency**, an agency of the Department for Business, Innovation and Skills, was also created following the closure of the Learning and Skills Council. It funds and regulates further education and skills training, and funds Additional Learning Support for 19- to 25-year-olds without Learning Difficulty Assessments.

- **Local authorities** are responsible for children and young people's education and welfare in their area. They fund and monitor the quality, performance and financial health of maintained mainstream and special schools, and work with schools and academies to ensure proper assessment, monitoring and provision for students with special educational needs. Local authorities directly fund support for Statements in special and mainstream schools and academies for students up to age 19. When a student aged 16 or over with a Statement intends to leave school to continue education elsewhere, the local authority is required to arrange a Learning Difficulty Assessment. Since April 2010, local authorities are also responsible for commissioning high-value placements in independent specialist providers and further education.

**1.3** These complex arrangements in part reflect the different statutory and accountability frameworks for the wider post-16 education system. They support oversight arrangements which provide reasonable assurance over providers' general performance and the use of funds. However, the extent of information on special education provision varies between provider types, and some accountability arrangements limit the direct influence of local authorities, as commissioners, over providers of special education.

**1.4** While local authorities can have considerable influence over maintained mainstream and special schools, their influence over further education and independent providers is more limited. For example, the Equality Act 2010 makes it unlawful for further education colleges to discriminate against students on the basis of disability, and under the Apprenticeships, Skills, Children and Learning Act 2009, local authorities can compel colleges to accept students up to age 19. This power does not extend to those aged 19–25, though local authorities can negotiate with colleges to try and identify appropriate support. Academies determine their own admissions arrangements, although, like all state-funded schools, an academy must admit any student whose Statement names it as their preferred school.

**1.5** The separation of funding and commissioning responsibilities for specialist placements has led to cases where local authorities did not inform the Young People's Learning Agency that students had transferred to a different funding band, or withdrawn altogether, resulting in the Agency overpaying the providers concerned. The Department for Education's 2011 *Consultation on School Funding Reform* outlined proposals to combine the specialist placement budget, Additional Learning Support and the Special Educational Needs Block Grant into a single funding stream from 2013-14, which local authorities will use to commission and fund all post-16 special education provision. In implementing this change, the Department will need to consider how to monitor the potential impact of individual local authority decisions on the financial health of specialist providers.



## Oversight of quality

**1.6** Ofsted reports are an important measure of the quality of providers, but how far Ofsted assesses and highlights special educational provision varies across provider types. In specialist providers (including special schools), the quality of special education provision is the main focus, with additional scrutiny of any residential provision by the Care Quality Commission. In mainstream schools and academies, assessments focus on the school as a whole, although learning for those with special needs is explicitly graded. However, this separate grade will be discontinued from January 2012, when special education will be considered as part of general performance against the assessment areas of the new framework. When reporting on further education, Ofsted covers quality of support and success rates for students receiving Additional Learning Support as part of its main findings. However, this is part of the general assessment of performance rather than a separate section.

**1.7** These limitations mean the Department, local authorities, parents and students cannot fully compare the quality of special education provision on a consistent or complete basis, either to monitor performance or to inform choice of provision. Ofsted is considering how to better align assessments of general performance across post-16 providers.

## Performance oversight and intervention

**1.8** In a devolved system, appropriate performance monitoring across the range of providers allows risks to students to be identified and addressed. There are more specific oversight arrangements for special education provision in independent specialist providers than in mainstream settings, although with the correct level of support, students with similar support needs could potentially study in either.

**1.9** Our report *Getting value for money from the education of 16- to 18-year-olds*<sup>4</sup> found that there are clear arrangements for dealing with poor performance in further education, but no consistent approach in school sixth forms. Performance regimes in further education contain no formal mechanisms specific to special education. For example, in general further education colleges the Skills Funding Agency uses information on success rates for students with special educational needs to challenge providers and direct them to the Learning and Skills Improvement Service. With sixth-form colleges, the Young People's Learning Agency feeds back success rates to providers for their own use. Both Agencies may challenge providers if Ofsted raises concerns over special education provision.

**1.10** More formal intervention regarding special education provision at further education and sixth-form colleges does not occur unless they are judged by Ofsted to be significantly failing, or success rates are below national minimum standards, and part of this overall failure is linked to special education provision. This can trigger a 'Notice to Improve' with specific conditions attached. Thirty-one such notices (2 relating to Ofsted

4 National Audit Office, *Getting value for money from the education of 16- to 18-year-olds*, HC 823, March 2011.

inspections, and 29 to success rates) were issued to general further education and sixth-form colleges based on their performance in 2009/10, but the Agencies do not analyse whether such Notices have conditions relating to special education.

**1.11** Oversight of performance in maintained special schools is fully devolved to local authorities, whereas academies are overseen by the Young People's Learning Agency. The Agency also monitors the general performance of independent specialist providers, using Ofsted and Care Quality Commission judgements and providers' annual self-assessments. Three such providers were subject to a cap or ban on student recruitment in 2010/11 as a result of underperformance or non-compliance with contracts.

**1.12** Arrangements for monitoring individual student progress and performance also vary between provider settings. In independent specialist providers, there are formal requirements for detailed reviews of each student's progress, on the basis of which the local authority recommends whether funding should continue. Eighty-four per cent of local authorities responding to our survey confirmed that funding for their independent specialist placements was dependent on student progress. Eighty-eight per cent of this group reported that they received data on these students' progress during their course.

**1.13** In schools and academies, local authorities must carry out annual reviews of all statemented students to check progress and ensure the Statement is still appropriate to their needs. This formal requirement does not apply to students with Learning Difficulty Assessments in college settings, although Departmental guidance recommends that these be reviewed every two years.

## Oversight and audit of funding

**1.14** Other than the Special Educational Needs Block Grant to local authorities, post-16 special education funding is subject to specific conditions, including audits to confirm it has been used for its intended purpose. In 2010/11, for Additional Learning Support the Young People's Learning Agency and Skills Funding Agency relied on the overall 'regularity' opinion from providers' external auditors. There were no qualified regularity opinions related to Additional Learning Support. For the specialist placement budget, the Young People's Learning Agency itself completed audits at 15 independent specialist providers. There were errors or inappropriate use of funds at seven providers, totalling £414,178 (1.44 per cent of total audited funding of £28.8 million). In line with agreed recovery schedules, 80 per cent of this has now been repaid to the Young People's Learning Agency. There was no audit by the Skills Funding Agency of funding for support packages over £19,000 in further education settings. Expenditure against both budgets is monitored at the national level.

**1.15** The Young People's Learning Agency considers the specialist placement budget to be inherently high-risk. Placements are high-value and demand-led, and there is no contingency budget should the cost of places commissioned by local authorities exceed expectations. The Agency cannot challenge the provision agreed by local authorities. Requests for funding at independent specialist providers more than £35,000 above the maximum standard rate (£45,247 for day placements and £68,829 for residential) are reviewed by independent consultants. These reviews are limited to recommendations to support local authorities' decision-making, for example on the strength of evidence for proposed provision and its suitability for the student's needs.

### Information base to support oversight of value for money

**1.16** Performance monitoring by Agencies and local authorities is part of the oversight framework informing the Department's understanding of the whole special education system. Assurance about value for money at this level also requires sufficient information to understand the relationship between outcomes and costs, and explain significant variations. However, information on outcomes and costs is not comparable or consistent across provider settings, limiting the Department's ability to demonstrate value for money and assess performance against its objectives.

**1.17** Existing datasets covering students with special educational needs differ depending on where students study. In mainstream and special schools, data including exam results and recorded special educational needs is collected in the Department for Education's datasets the National Pupil Database, School Census and 'SEN 2' census of students with Statements. In further education and sixth-form colleges, the Individualised Learner Record, owned by the Department for Business, Innovation and Skills, is used for all students. Students in independent specialist providers are captured on a separate database maintained by the Young People's Learning Agency, although these students have also been included in the Individualised Learner Record from 2010/11. There are no consistent classifications of special educational need between these datasets. Until 2010/11, the Individualised Learner Record did not record data on numbers of students with Learning Difficulty Assessments, and the Agencies continue to use funding levels as a proxy.

### Understanding outcomes

**1.18** The Department for Education can link data from pre-16 maintained schools and academies to the Individualised Learner Record to follow students with special needs at 15 through to 18 in both school and further education settings. This helps to avoid the problem of different classifications between the two, since it classifies students in both by their pre-16 'SEN' need. However, it reports only attainment at level two (five GCSE A\*–C or equivalent) and level three (two A-level grades A–E or equivalent), and hence contains no outcomes for up to 70 per cent of young people with Statements. Moreover, the process of linking datasets is not sufficiently robust to capture all relevant students in their post-16 setting, limiting its usefulness for detailed analysis.

**1.19** Other course outcome measures vary between settings. In further education, the most commonly used is ‘success rate’. This measures the number of students achieving a qualification as a proportion of the number who started it. Schools and independent specialist providers use other measures, each of which has issues affecting completeness or comparability:

- Schools traditionally use measures such as ‘average points scores’ across level-three qualifications. These scores may not reflect a school’s performance across the full range of special educational needs, since they omit level-one and level-two qualifications. Moreover, as they are based on the number of candidates or exam entries rather than the number of students who start the course, they do not reflect retention.
- The Young People’s Learning Agency does not record whether students using independent specialist providers complete their qualifications, but assumes they have done so unless an extension to the placement is requested.

These differences mean that the Department cannot currently compare course outcomes directly across the three main provider types (school sixth forms, further education and independent specialist providers), in particular for those students with moderate to high-level support needs who could potentially attend any of the three.

**1.20** In 2008/09 the Department calculated success rates for schools and academies for the first time. In both 2008/09 and 2009/10, the data collected was incomplete and of variable quality, and the Department did not consider it robust. Although the Department aims to have complete and comparable data on success rates for students with special needs in mainstream schools by 2012/13, this will not include special schools. In 2010/11, the Young People’s Learning Agency requested that independent specialist providers submit data to the Individualised Learner Record, and around 90 per cent did so. This was made a contractual obligation for 2011/12. These developments should improve the Department’s ability to understand and compare the performance of different providers.

**1.21** Employability and independent living are not new objectives for special education, but the Department has yet to clearly define success or collect robust data on these areas. Student destinations after education are a useful measure of intermediate outcomes; however, destination data has not been obtained centrally from independent specialist providers since 2009. Destination data collected by schools is not routinely visible to the Department or Agencies. Only 52 per cent of students with special educational needs in further education settings had a destination recorded in 2009/10.<sup>5</sup> The Department is therefore currently unable to compare destinations across the main provider types, and gauge the contribution of each to its stated objectives. It has stated its intention to collect destination data more consistently in future, and will reintroduce the collection of such data from independent specialist providers in 2011/12.

<sup>5</sup> Includes all students receiving higher-level Additional Learning Support, together with those receiving lower-level Additional Learning Support and declaring a learning difficulty and/or disability.

## Understanding Costs

**1.22** There is greater visibility of costs in further education and independent providers than in schools. This is because local authorities' expenditure returns to the Department do not disaggregate pre- and post-16 spend in schools, and the Special Educational Needs Block Grant is not ring-fenced and may be supplemented by other funding. While the grant given to each authority is known, it is not possible to assess actual expenditure per student or total actual expenditure on post-16 special education in schools. The Department cannot therefore analyse or compare actual expenditure on post-16 special-needs provision in schools nationally or by local authority. The Department is considering changes to special educational funding arrangements in schools following a recent consultation.<sup>6</sup>

**1.23** Additional Learning Support in school sixth forms is allocated on a formula basis. It is therefore impossible to identify the amount actually spent on students with special educational needs. In further education settings, individual Additional Learning Support costs are recorded in the Individualised Learner Record. However, since support costs up to £19,000 are based on a combination of formula funding and negotiation with providers, the recorded funding allocation may not reflect actual expenditure on individual students. It is therefore not possible to routinely link this expenditure to course outcomes for individual students.

<sup>6</sup> Department for Education, *Consultation on school funding reform*, July 2011.

# Part Two

## Indications of overall value for money

**2.1** This part of the report examines available indications of overall value for money, recognising the data limitations described in Part One. We consider:

- whether achieving the Department for Education's objectives for special education is likely to result in longer-term benefits to students and reduce support costs;
- whether the Department's objectives are currently being met, and at what cost; and
- patterns of provision across local areas, and any relationship to specialist capacity.

### Potential longer-term benefits

**2.2** The Department's objectives for young people with special educational needs include outcomes intended to support students throughout their lives. We constructed an economic model to explore the impact that better educational outcomes at this stage could have on later quality of life, employment prospects and independence, as well as associated costs and benefits to the public purse.

**2.3** Our model confirms that achieving greater independence and employment for people with disabilities would be likely to bring downstream benefits. We estimated the average lifetime (16–64) cost of supporting a person with a moderate learning disability as £2–3 million at today's prices (£1–1.4 million Net Present Value). With training in independence skills and appropriate support, some adults with learning disabilities who would otherwise be in residential care can live in semi-independent housing. For example, the estimated lifetime cost of supporting someone with a moderate learning disability who is unemployed and in residential care is £4.7 million at today's prices (£2.3 million Net Present Value). If this person were trained and supported to live in more independent housing, in addition to quality-of-life improvements their lifetime support costs could be reduced by around £1 million at today's prices (£0.5 million Net Present Value).

**2.4** Similarly, supporting one person with learning disabilities into employment could, in addition to improving their independence and self-esteem, reduce lifetime cost to the public purse by around £170,000 at today's prices (£80,000 Net Present Value), and increase their income by between 55 and 95 per cent.

**2.5** These results illustrate the potential for improving the life chances of young people with special educational needs through employability and independence skills. They also emphasise the importance of having robust and comparable data on disability types and student outcomes (including qualifications, living skills and destinations) in order to understand and evidence longer-term value for money.

**2.6** If young people are not accessing education and support, the Department's objectives for all young people with special educational needs will be affected. Figures from the Department show that, in 2009, 30 per cent of young people with a Statement at age 16 were not in education, employment or training at 18, compared to 13 per cent of those without special educational needs.<sup>7</sup>

**2.7** Other data collected by local authorities suggests that 25 per cent of 16- to 18-year-olds with any level of special educational need were not in education, employment or training in 2010, although this figure has decreased by 12 percentage points since 2007.<sup>8</sup> Complete equivalent figures for young people over 19 are not available.

## Achieving outcomes

**2.8** Data is available on course results in specific settings, and on some student destinations. These outcomes show how students with special educational needs perform in various educational settings, and indicate the effectiveness of support funding.

**2.9** **Figure 3** shows the proportion of students with special educational needs at 16 attaining level two (five GCSE A\*–C or equivalent) or above by 19 in schools, academies and further education, compared to students with no special educational needs. The proportion of students without special needs attaining this level has increased by 9.8 per cent since 2005/06, compared to 8.8 per cent for students with Statements and 17.7 per cent for all students with special needs.

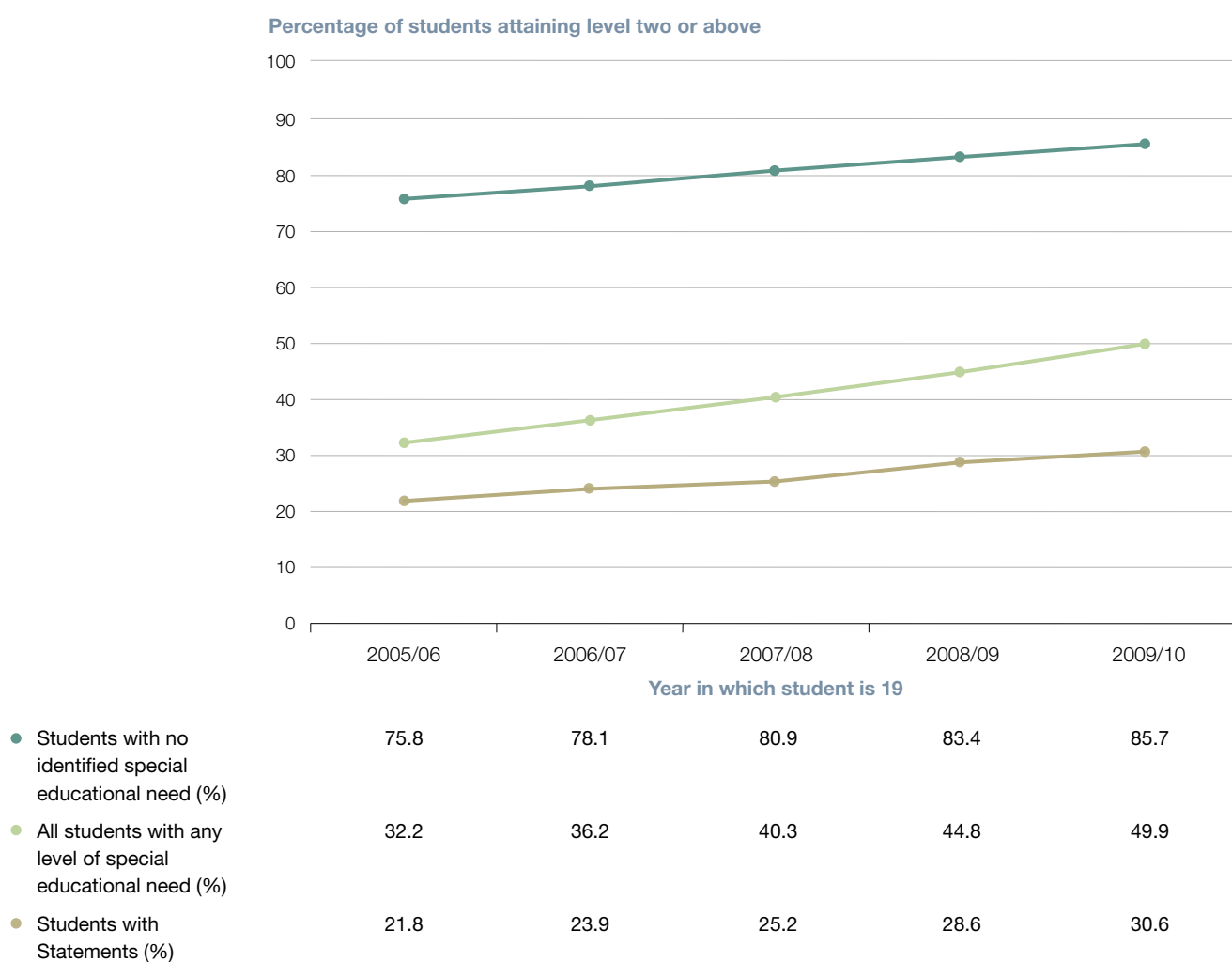
**2.10** Success rates provide a picture of performance across a wider range of courses. Overall success rates for students in further education declaring a learning difficulty and/or disability were around 80 per cent in 2008/09 and 2009/10. This is similar to those without special educational needs, although the latter take a greater proportion of higher-level courses. Success rates are broadly similar between local authorities, suggesting that further education performs consistently in supporting young people to complete and pass their courses.

<sup>7</sup> Department for Education, *Support and aspiration: a new approach to special educational needs and disability – a consultation*, March 2011.

<sup>8</sup> Source: Local authority *Client Caseload Information System*.

**Figure 3**

Percentage of students with special educational needs at 16 achieving level two or above by age 19



Source: National Audit Office analysis of Department for Education data

**2.11** The Department calculates success rates for schools and academies, but the first two years of data (2008/09 and 2009/10) were incomplete and of poor quality. For students with special educational needs, this data shows larger variations in school performance between local authorities (22–88 per cent in 2009/10) than in further education performance, and considerable differences between school and further education success rates within the same authority. The Department intends to improve this data, and will need to determine whether these variations were mainly due to data issues or genuine differences in performance.



**2.12** Figure 4 shows that, since 2006/07, 'average point scores' for students in schools with Statements have increased by 5.5 per cent compared to 3.8 per cent for those without special needs, although starting from a lower baseline. This suggests that support provided for this group may help them improve more rapidly than peers without special needs, although this measure does not include retention. It also covers a relatively small proportion of students aged 16+ with Statements.

**2.13** Course results are not collected for independent specialist providers. In these providers, the proportion of students following accredited courses has decreased from 59 per cent in 2006/07 to 52 per cent in 2010/11. Destination data collected until 2008/09 suggested positive trends in social destinations, with 25 per cent of students moving on to independent or supported independent living in 2005/06, rising to 35 per cent in 2008/09. Employment and education destinations, however, saw little change over the same period.

**Figure 4**

Average point score per candidate in schools, 2006/07 to 2009/10



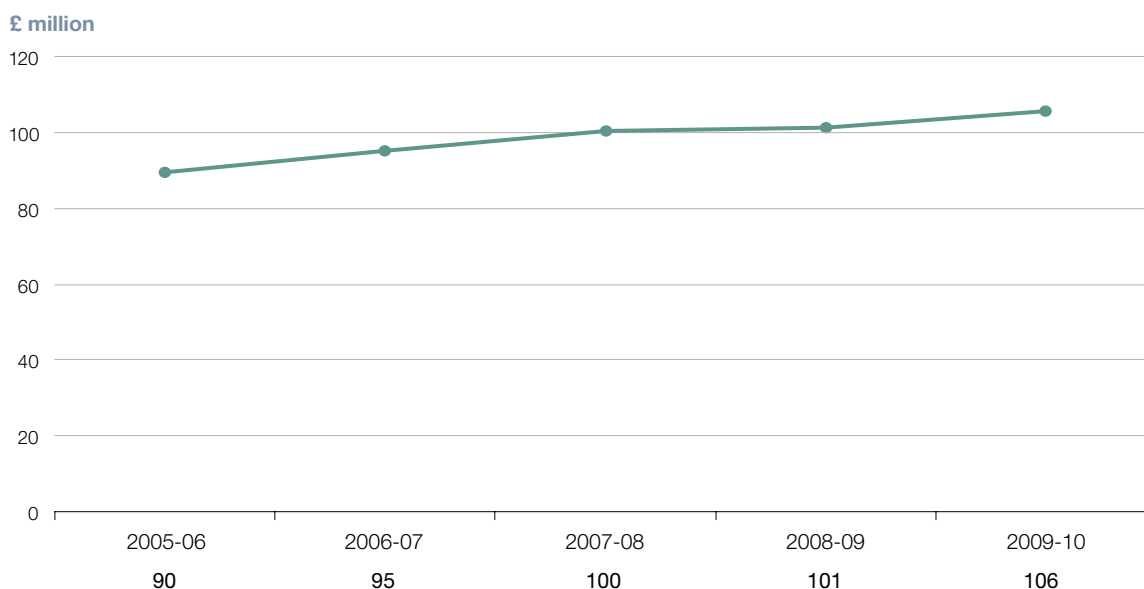
Source: National Audit Office analysis of Department for Education data

## Funding and costs

**2.14** Additional Learning Support is the main source of special education support funding in further education. Nationally, funding for Additional Learning Support over £5,500 increased in real terms from around £90 million in 2005/06 to £106 million in 2009/10 (**Figure 5**). However, owing to greater numbers of students receiving funding, average expenditure per head decreased in real terms from around £10,600 to £9,700 in the same period. Within the overall average, there are considerable variations between local authorities (from around £6,600 to £17,900), which could reflect differences in population profiles, placement policies and decisions, or further education providers' capacity to support students with higher-level needs.

**2.15** Actual expenditure on supporting young people with special needs aged 16–18 in schools is not collected centrally. The nearest proxy is the Special Educational Needs Block Grant paid to each local authority to meet the needs of its post-16 students with Statements. This grant totalled £179 million across England in 2010/11, a similar level in real terms to 2004/05 (**Figure 6** overleaf). Again, increases in the number of Statements have decreased the amount of funding per head from £11,900 in 2004/05 to £8,200 in 2010/11.

**Figure 5**  
Higher-level Additional Learning Support for 16- to 25-year-olds, 2005/06 to 2009/10



### NOTES

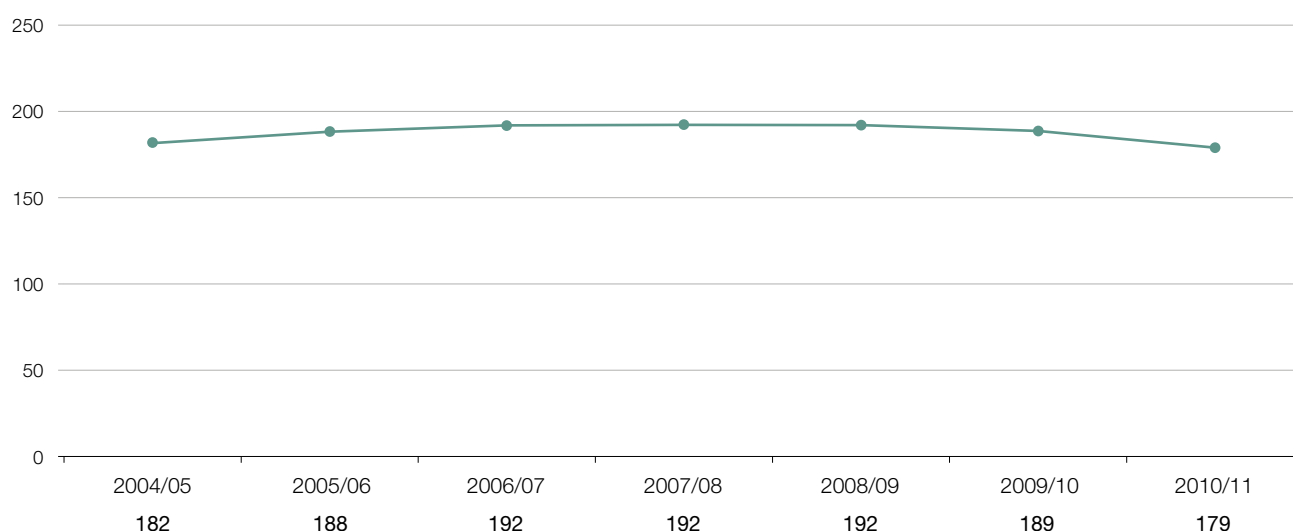
- 1 Pre-2009/10 figures uplifted to 2009/10 prices using the Gross Domestic Product deflator.
- 2 The Department for Education considers that expenditure prior to 2007/08 may not be directly comparable with later years, due to data improvements.
- 3 Includes funding for students in private training providers.

Source: National Audit Office analysis of Individualised Learner Record

**Figure 6**

Special Educational Needs Block Grant allocation 2004/05 to 2010/11

£ million

**NOTE**

1 Pre-2009/10 figures inflated, and 2010/11 figures deflated, to 2009/10 prices using the Gross Domestic Product deflator.

Source: National Audit Office analysis of Young People's Learning Agency data

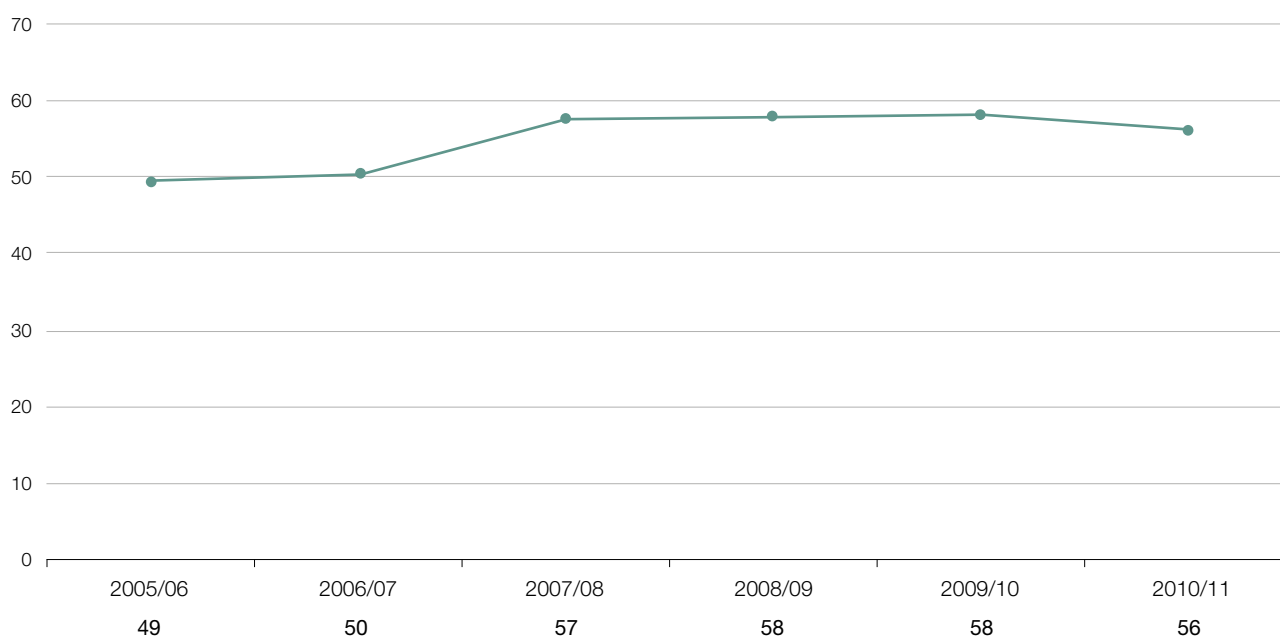
**2.16** At local authority level there are significant variations in the amount of funding per statemented student, for example ranging from as little as £1,900 per student to over £20,000 in 2009/10. It is not possible to confirm whether these variations reflect local authorities using the Block Grant for other purposes, or adding to the grant from other budgets such as the Dedicated Schools Grant.

**2.17** The costs of independent specialist providers are easier to identify, since placements are contracted and funded individually. However, these costs are not directly comparable with those in further education and schools, since they cover core course costs as well as special educational support, and may also include non-educational elements such as therapy and residential care. Real-terms expenditure on day and residential placements increased from £165 million in 2005/06 to £211 million in 2009/10, before dropping to £206 million by 2010/11. Nationally, the average cost of individual placements rose to around £58,000 between 2005/06 and 2009/10, but fell slightly to around £56,000 in 2010/11 (**Figure 7**).

**Figure 7**

Average cost per placement at independent specialist providers, 2005/06 to 2010/11

Funding per placement (£000)

**NOTES**

1 Pre-2009/10 figures inflated, and 2010/11 figures deflated, to 2009/10 prices using the Gross Domestic Product deflator.

2 Includes day and residential placements.

Source: National Audit Office analysis of Young People's Learning Agency data

**Capacity and provision**

**2.18** The Department wants to ensure a genuine choice between educational settings, informed by a 'local offer of available services'. **Figure 8** overleaf shows that the majority of students attend mainstream schools (for age 16–18) or further education colleges (16–25), including around 15,000 students with higher-level needs, of whom 3,900 are 19–25. Around 3,650 students aged 16–25 attend independent specialist providers, 70 per cent of whom are aged 19 and over. Existing practice suggests that some young people with higher needs can potentially be supported in either a mainstream or specialist setting.

**Figure 8**

Providers, student numbers and funding for 16–25 special education, 2009/10

| Provider Type   | Provision  | Age range of students | Students aged 16–25 with:  |                      |   |  | Number of providers |
|---|--|-----------------------|--|----------------------|---|--|---------------------|
|   |  |                       | Higher-level needs: Statement or Learning Difficulty Assessment <sup>1</sup> | Funding <sup>2</sup> | Lower-level needs: no Statement or Learning Difficulty Assessment | Funding <sup>2</sup>                   |                     |
|   |  |                       | Number of students   |                      | Number of students  |  |                     |
| Mainstream secondary school (including academy) sixth forms           | Mainly academic courses in mainstream settings                   | 16–18                 | 4,190 <sup>3</sup>   | £189m <sup>5</sup>   | 28,770 <sup>3</sup>   | Not separately identified <sup>6</sup> | 1,974               |
| Maintained and non-maintained special school sixth forms <sup>4</sup> | Education for students with complex or specific needs            | 16–18                 | 11,610 <sup>3</sup>  |                      | 60 <sup>3</sup>   |  | 523                 |
| Independent special school sixth forms <sup>7</sup>                   | Education for students with complex or specific needs            | 16–18                 | Not separately identified  |                      | Not separately identified   |  | 151                 |
| Further education providers <sup>8</sup>                              | Academic and vocational courses in mainstream settings           | 16–25                 | 10,842   | £106m                | 87,654 <sup>9</sup>   | £135m                                  | 536                 |
| Independent specialist providers                                      | Residential and day provision for students with specialist needs | 16–25                 | 3,647  | £211m                | N/A   | N/A                                    | 57                  |
| <b>Total</b>  |  |                       | <b>30,289</b>  | <b>£506m</b>         | <b>116,484</b>  | <b>£135m</b>                           | <b>3,241</b>        |

**NOTES**

1 Additional Learning Support of £5,500 is used as a proxy for a Learning Difficulty Assessment.

2 Numbers may not sum due to rounding.

3 School census figures have been used, as they give more information on school type than the SEN 2 survey.

4 The first special academies opened in 2011/12. As at October 2011, 14 special schools had become special academies.

5 This funding cannot be disaggregated by school type.

6 Schools receive Additional Learning Support funding (totalling £50.8 million in 2009/10) based on prior exam performance. It is not possible to disaggregate the proportion of this funding spent on students with special educational needs, and hence it is not included above.

7 Excludes schools with under ten students.

8 Includes general further education, sixth-form, art and agricultural colleges, private training and other public-funded providers. The number of providers includes all those receiving Additional Learning Support for students aged 16–18 and 19+.

9 Includes students declaring a learning difficulty, disability or health problem, and receiving low-level Additional Learning Support.

Source: National Audit Office analysis of Department for Education and Young People's Learning Agency Data

**2.19** We used the databases outlined in **Part One** to analyse where young people with higher needs from different local authorities are placed. This analysis suggests wide variations between the proportion of 16- to 18-year-olds with higher needs in mainstream and specialist settings (including special schools and independent specialist providers) in each local authority. For example, of the local authorities with 50 or more such students, seven (5 per cent) have over three quarters of their students with higher-level needs in specialist settings, while six others (4 per cent) place three quarters of such students in mainstream provision.

**2.20** Students aged 19 and over do not generally attend schools. **Figure 9** overleaf shows the split between mainstream further education (including private training providers) and independent specialist providers for higher-need students aged 19–25. The central portion of the bars shows those students who receive the highest level of funding in further education colleges, which is, in some cases, equivalent to a placement in an independent specialist provider. There are wide variations in the proportions of students using this mainstream alternative to specialist placements, and in overall proportions of young people using mainstream and independent specialist settings.

**2.21** Greater use of certain types of provision could reflect geographical distribution of providers, or variations in the degree to which local authorities consider all available options when placing students. It could also, if associated with positive student outcomes, reflect an informed preference by local authorities or parents and students for higher-performing providers.

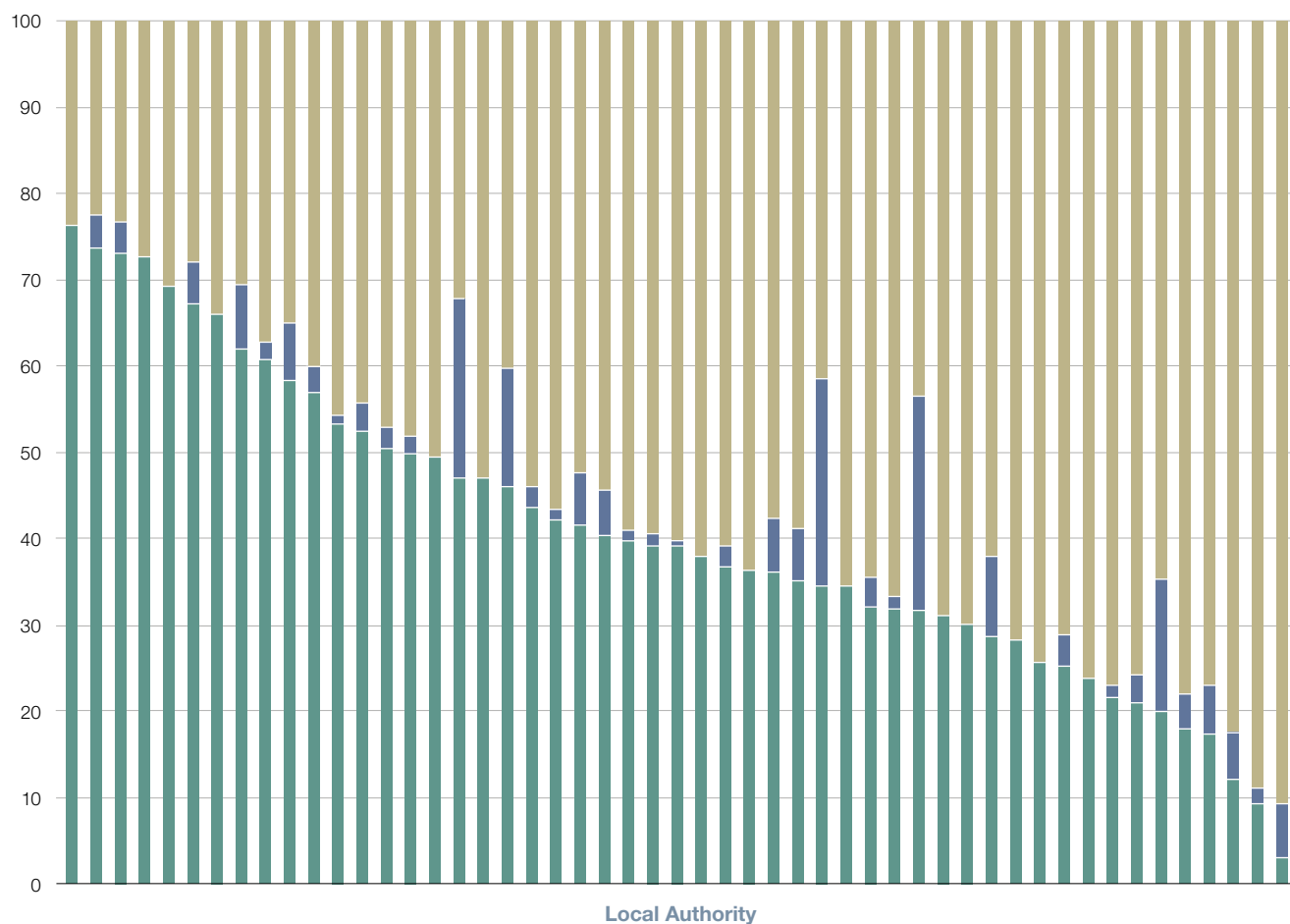
**2.22** It is not practical for the highly specialised support required by some students with low incidence and complex needs to be available in all areas. **Figure 10** on page 31 confirms considerable variations in specialist capacity across the country. The East of England, for example, has relatively few independent specialist providers, and hence traditionally commissioned large numbers of out-of-area placements. This region ran a pilot programme in 2006 to develop local capacity to support higher-need students in further education. It has since seen reductions of around 50 per cent in the number of students using independent specialist providers.

**2.23** Local or regional capacity constraints may affect the availability of real choice between mainstream and specialist provision within a 'local offer'. The Department and Agencies could undertake a more detailed capacity analysis to better understand the implications for choice, and cost, of different commissioning practice and the distribution of providers.

**Figure 9**

Proportion of young people aged 19–25 in special education settings in 2009/10, by local authority

Proportion of 19- to 25-year-olds with higher-level special educational needs (%)



- Students aged 19–25 receiving Additional Learning Support £5,500–£19,000 in further education settings
- Students aged 19–25 receiving Additional Learning Support in excess of £19,000 in further education settings
- Students in independent specialist providers (aged 19 and over at 31 August 2009)

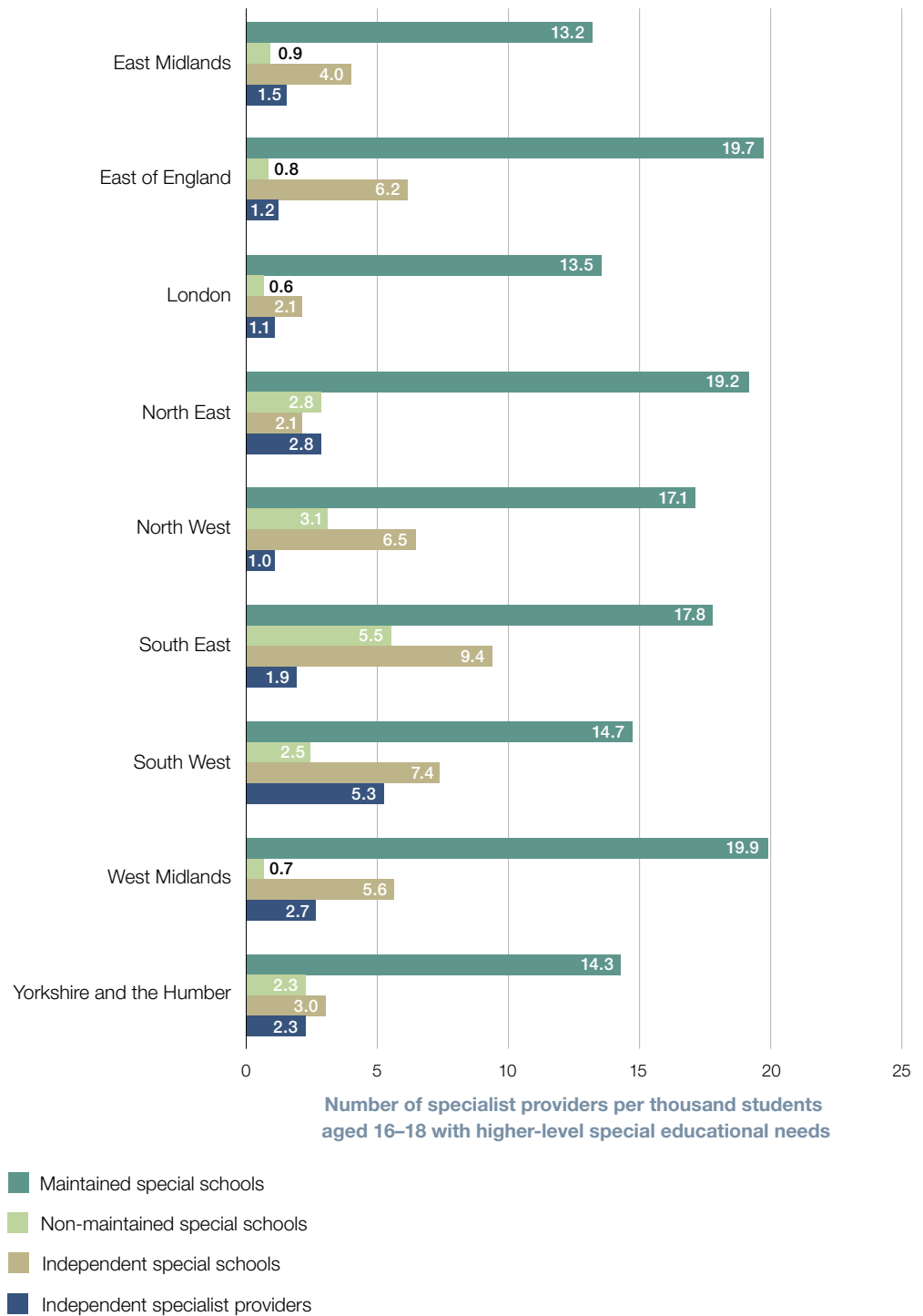
**NOTE**

1 Based on analysis of 51 local authorities with at least 50 students with higher-level special educational needs.

Source: National Audit Office analysis of Individualised Learner Record and Young People's Learning Agency data

**Figure 10**

Availability of 16–18 specialist provision by region, 2009/10



Source: National Audit Office analysis of Department for Education data



## Part Three

### Using information in individual placement decisions

**3.1** This part of the report examines how information supports local authorities' decisions to place individual young people with higher-level special educational needs into education. Local authorities allocate finite resources and are required to consider value for money. In order to make robust decisions in the interests of all students, they need appropriate information on:

- students' needs and preferences; and
- providers' performance and outcomes, and the full range of costs associated with individual placements.

#### Assessing students' needs

**3.2** Sixteen per cent of 16-year-olds with special educational needs have Statements. Local authorities must ensure that all young people with a Statement moving from school to education or training elsewhere receive a Learning Difficulty Assessment. Assessments should identify educational needs and the provision required to meet them, taking into account students' preferences and wider needs, including discussions with parents. They should involve a range of professionals, including local authority advice and guidance services, and health and social care practitioners.

**3.3** Learning Difficulty Assessments are key inputs to local authorities' decisions, but their content and preparation could be improved. Over 90 per cent of authorities responding to our survey reported that assessments contributed to a great extent to their placement decisions. However, only half of all respondents thought assessments very effective, and nine out of ten felt that one or more aspects could be improved. The most frequently suggested improvements were: greater clarity of roles and responsibilities for assessments; more emphasis on outcomes and progression; and more impartial focus on meeting the needs of the student.

**3.4** Ofsted’s review of post-16 provision<sup>9</sup> found that assessments had improved during 2010/11 but were still not of the required standard. For example:

- arrangements for identifying appropriate provision usually depended on historical links between schools and post-16 providers;
- not all possible options were explored, leading to inconsistent recommendations to students with similar levels and types of need; and
- residential placement criteria were unclear, resulting in significant inequities in final placements.

**3.5** There could also be more consistent engagement between local authority departments and partners involved in assessing students’ needs and planning future provision. For example, while 82 per cent of local authorities responding to our survey stated that information on the future support needs of young people with special educational needs was routinely shared with adult social care services, only 60 per cent routinely shared this information with health services.

### Informing parental and student preferences

**3.6** Parental and student preferences are important in deciding where to place students. The extent of choice is affected by the individual needs of the young person, the presence of suitable providers, and the availability of funding, as well as the provision of clear information. Many families undertake their own research into available provision, but only a quarter of local authorities responding to our survey routinely provide parents directly with information on education providers’ outcomes, and only a fifth with information on quality.

**3.7** Some information is available through the Skills Funding Agency’s ‘Framework for Excellence’ website.<sup>10</sup> This allows comparisons of further education providers across a range of measures (such as overall success rates), but does not disaggregate performance for students with special needs, nor allow direct comparisons of further education with other settings such as school sixth forms and independent specialist providers. The Department’s intent to improve ‘the range and diversity of schools from which parents can choose’<sup>11</sup> will increase the importance of providing adequate, impartial information to inform choice.

<sup>9</sup> Ofsted, *Progression post-16 for learners with learning difficulties and/or disabilities*, August 2011, pp. 13f.

<sup>10</sup> <http://ffepublication.skillsfundingagency.bis.gov.uk/>

<sup>11</sup> Department for Education, *Support and aspiration*, p.17.

**3.8** Tension between local authorities' need to secure adequate provision based on their judgement and using finite resources, and the wishes of parents to secure the package or provider they feel is best for their child, sometimes leads to dispute. In such cases, parents can appeal against the local authority's decisions through the authority's own process, via the local authority ombudsman or by seeking a judicial review. The Department and the Young People's Learning Agency do not currently maintain information on the cost or frequency of post-16 appeals, although the Agency has data on reviews of independent specialist provider placement decisions which it carried out under arrangements in place in 2010/11. As well as impacting on students and families, appeals can lead to unforeseen expenditure, often against the specialist placement budget. The Green Paper proposes that in future parents and local authorities should always try mediation before parents register formal appeals.

### **Provider performance and outcomes**

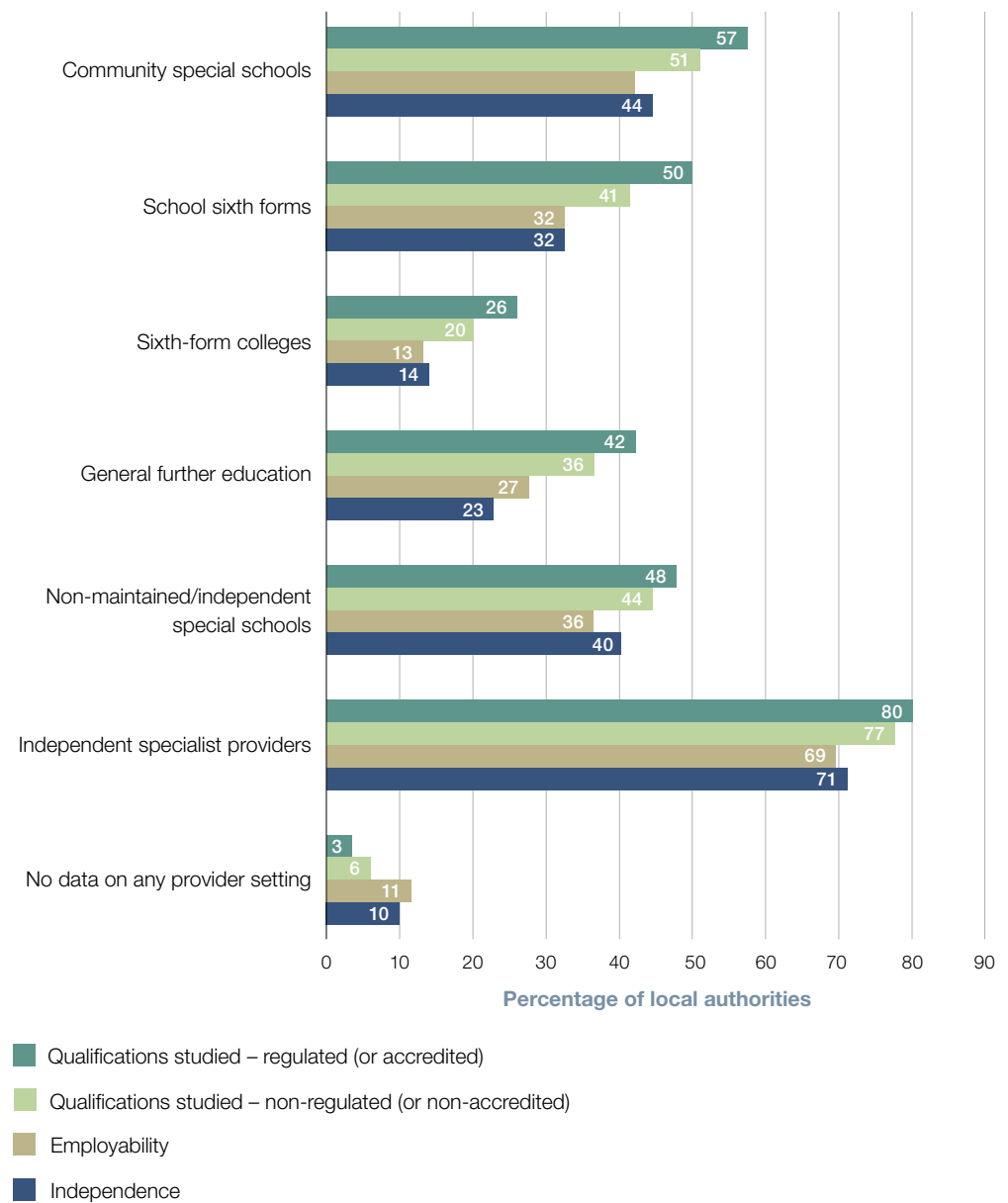
**3.9** Understanding providers' outcomes helps to assess how well they might meet a young person's needs, and inform discussions with parents and students about the best option for their longer-term goals. **Figure 11** shows the percentage of local authorities who report having data on student outcomes in different provider settings, including recognised qualifications and other aspects such as independent living skills.

**3.10** Data on accredited qualifications is the most frequently collected, although only 42 per cent of local authorities collect this for general further education and 26 per cent for sixth-form colleges. Outcome information relating to independence and employability is least frequently collected. While respondents reported collecting the most data on both qualification and wider outcomes in independent specialist providers (between 69 and 80 per cent of authorities for each type of outcome), this reflects contractual requirements and the local commissioning relationship. By contrast, fewer than 30 per cent of local authorities reported collecting any data on the employability and independent living skills of students completing courses at further education colleges.

**3.11** Transparent data on comparative performance can also help inform and hold accountable those making choices. The Department's November 2010 Business Plan contained a draft impact indicator for annual data on educational attainment of young people with special educational needs, at provider, local authority and national level. The updated Business Plan published in May 2011 did not contain this proposed indicator. An overarching indicator on vulnerable children and young people will be determined in May 2012, but will not focus on students with special educational needs.

**Figure 11**

Percentage of local authorities who report collecting data on student outcomes, by provider setting



Source: National Audit Office survey of local authorities

## Understanding the cost of placement options

**3.12** To compare the value for money of different providers, local authorities need information on the full costs of supporting students in each. Comparable costs may include elements not funded by education budgets, but nonetheless paid for by the public purse.

**Figure 12** shows large variations in the extent to which local authority special education commissioners are aware of the full cost of different options. They have most data on direct course costs, additional educational support costs and the cost of transporting students to and from providers. However, even for these categories around one third of authorities reported not knowing costs for students in further education colleges.

**3.13** Placements at independent specialist providers usually include health and social care costs, which are covered by the Young People's Learning Agency's specialist placement budget where local authorities are unable to secure contributions from health and social care budgets. For students studying in mainstream settings, additional costs are met by other local-authority or wider government budgets. There are therefore risks that local authorities do not recognise the full cost of mainstream settings when comparing packages.

**3.14** For example, our survey suggests only 26 per cent of authorities have information on social care costs for students in general further education settings, and hence that nearly three quarters may not include such costs when choosing between independent specialist providers and general further education. Similarly, 34 per cent of authorities do not have data on transport costs, although these, like social care costs, are often paid by authorities themselves.

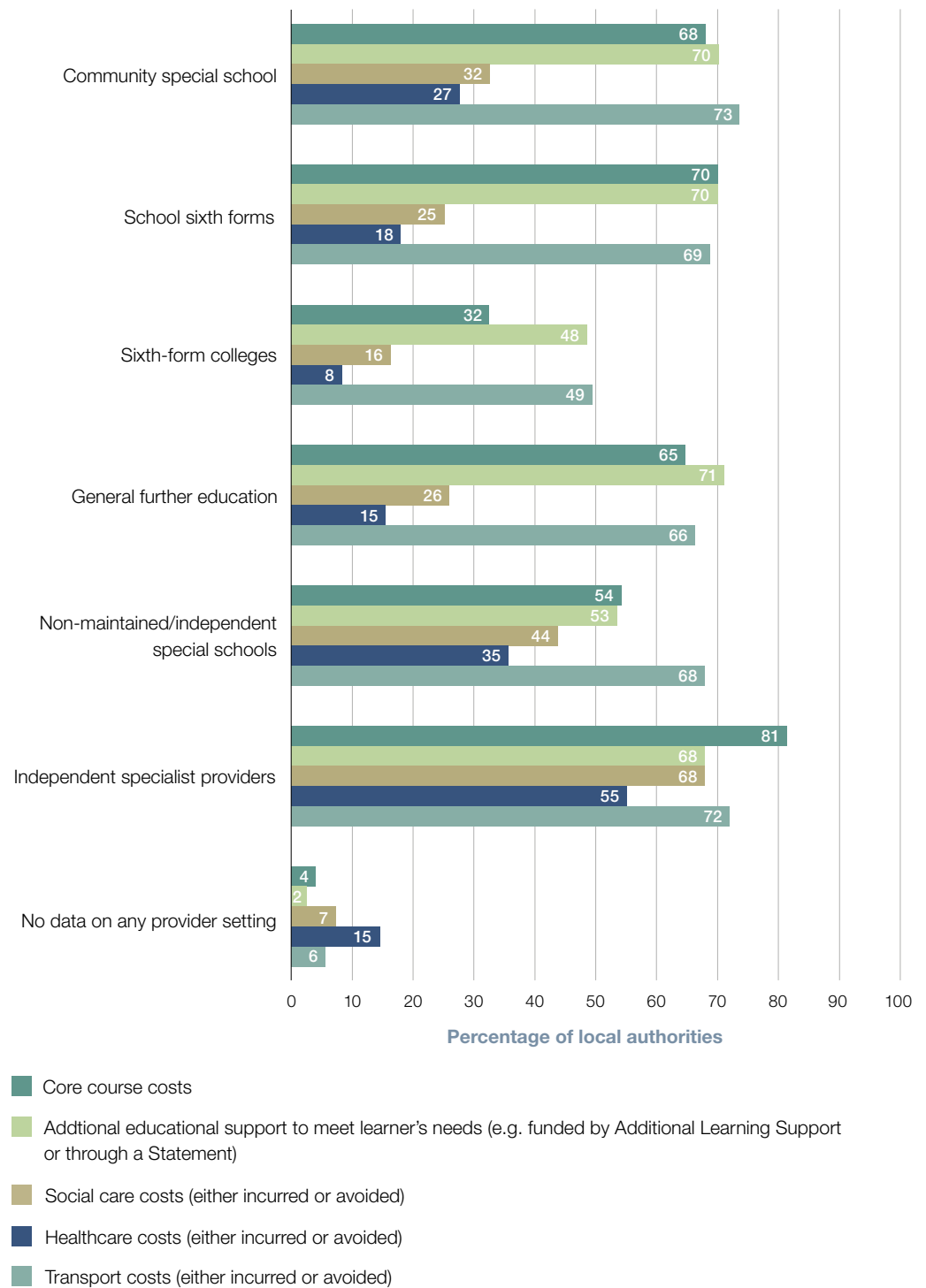
**3.15** **Figure 13** on pages 38 and 39 estimates potential costs from other parts of the system which our analysis suggests may not be consistently considered. Comparing the cost of independent specialist day placements against equivalent packages of education, care and therapy for students in general further education suggests that, depending on the exact make-up of the package, either could potentially be more expensive. This emphasises the need for robust and consistent methods to compare full costs of different options.

**3.16** The Department intends parents to have 'transparent information about the funding committed across different public services to support their child',<sup>12</sup> supported by the option of personalised budgets for higher-level special educational provision from 2014. The difficulties of capturing and comparing costs across settings suggest that understanding the total cost of packages may present a significant challenge to the Department, local authorities calculating students' entitlement, and parents and students purchasing services.

12 Department for Education, *Support and aspiration*, p. 49.

**Figure 12**

Percentage of local authorities who report having information on full costs, by provider setting



Source: National Audit Office survey of local authorities

**Figure 13**

Annual costs<sup>1</sup> of independent specialist provider day placements compared with equivalent packages in general further education

| <b>Day placement in independent specialist provider</b>                                    |  |                                      |                          |                          |                          |                          |                                       |
|--|--|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------------|
| <b>Costs</b>   | <b>Funded by</b>   | <b>Band D<sup>2</sup></b>            | <b>Band E</b>            | <b>Band F</b>            | <b>Band G</b>            | <b>Band H</b>            | <b>Exceptional funding</b>            |
|  |  | <b>(£000)</b>                        | <b>(£000)</b>            | <b>(£000)</b>            | <b>(£000)</b>            | <b>(£000)</b>            | <b>(£000)</b>                         |
| Full cost of placement <sup>3</sup>  | Young People's Learning Agency   | 13                                   | 18                       | 23                       | 33                       | 45                       | 45–83                                 |
| Transport Costs <sup>4</sup>   | Local authority education department/<br>private purse                           | 1–3                                  | 1–3                      | 1–3                      | 1–3                      | 1–3                      | 1–3                                   |
| <b>Total<sup>5</sup></b>   |  | <b>14–17</b>                         | <b>19–21</b>             | <b>24–26</b>             | <b>34–36</b>             | <b>46–49</b>             | <b>46–86</b>                          |
| <b>Estimated equivalent in general further education with similar support</b>              |  |                                      |                          |                          |                          |                          |                                       |
| <b>Costs</b>   | <b>Funded by</b>   | <b>Band D equivalent<sup>6</sup></b> | <b>Band E equivalent</b> | <b>Band F equivalent</b> | <b>Band G equivalent</b> | <b>Band H equivalent</b> | <b>Exceptional funding equivalent</b> |
|  |  | <b>(£000)</b>                        | <b>(£000)</b>            | <b>(£000)</b>            | <b>(£000)</b>            | <b>(£000)</b>            | <b>(£000)</b>                         |
| Core course costs <sup>6</sup>   | Young People's Learning Agency   | 5                                    | 5                        | 5                        | 5                        | 5                        | 5                                     |
| Cost of Additional Learning Support <sup>6</sup>   | Young People's Learning Agency   | 6–9                                  | 9–13                     | 13–20                    | 20–26                    | 26–30                    | 30–60 <sup>10</sup>                   |
| Cost of providing equivalent care and therapy in community or college setting <sup>7</sup> | NHS/local authority social care  | 0–2                                  | 0–2                      | 0–3                      | 0–5                      | 0–15                     | 0–15+ <sup>11</sup>                   |
| Cost of extra two weeks' community day care <sup>8</sup>                                   | Local authority social care  | 0–1                                  | 0–1                      | 0–1                      | 0–1                      | 0–1                      | 0–1                                   |
| Transport costs <sup>9</sup>   | Local authority education department/further education college/<br>private purse | 1–3                                  | 1–3                      | 1–3                      | 1–3                      | 1–3                      | 1–3                                   |
| <b>Total<sup>5</sup></b>   |  | <b>12–21</b>                         | <b>16–25</b>             | <b>20–33</b>             | <b>26–40</b>             | <b>32–54</b>             | <b>36–85+</b>                         |

**Figure 13** *continued*

Annual costs<sup>1</sup> of independent specialist provider day placements compared with equivalent packages in general further education

**NOTES**

- 1 2009/10 prices.
- 2 The bands measure level of need based on the hours of support required.
- 3 Band D-H placement costs are from 2009/10 funding guidance (<http://readingroom.lsc.gov.uk/lsc/National/nat-221208BFINALLLDDFundin gGuidance200910-dec08.pdf>). The exceptional funding band parameters are estimated using the upper range of actual expenditure on day placements in 2009/10.
- 4 Calculated by multiplying the estimated distance from students' homes to their providers in 2009/10 by an upper and lower cost per mile obtained from published figures (assuming ten journeys per week).
- 5 Totals may not sum due to rounding.
- 6 Assumption: For each band, course costs plus Additional Learning Support are equivalent to the education element of the day placement as per the funding guidance.
- 7 Equivalent care and therapy in further education is the number of specific therapy and care contact hours for each band (as per funding guidance) multiplied by hourly costs from L Curtis, *Units costs of health and social care 2010*.
- 8 Independent specialist placements are usually 38 weeks per year, further education 36 weeks.
- 9 Costs per mile as per note 4, multiplied by average distance from students' homes to further education colleges (Source: Association of Colleges Transport Survey 2010).
- 10 Upper-end Additional Learning Support is estimated using data from the Individualised Learner Record, since robust data on further education placements funded by the specialist placement budget is not available.
- 11 Top-end costs of care and therapy are not known.

Source: National Audit Office analysis



# Appendix One

## Methodology

| Method  | Purpose  |
|---|--|
| <b>1 Local authority survey</b><br>We surveyed special education commissioners at all 152 local authorities between 19 July and 10 October 2011. One hundred and twenty-four authorities (82 per cent) responded. | To assess what information is available to, and used by, local authorities in making placement decisions.                    |
| <b>2 Literature review</b><br>We reviewed recent policy documents and other literature.   | To understand roles, responsibilities and the policy landscape.  |
| <b>3 Semi-structured interviews</b><br>We interviewed officials at the Department for Education, Young People's Learning Agency, Department for Business, Innovation and Skills and Skills Funding Agency.        | To understand the information and assurance framework for 16–25 special education.   |
| <b>4 Case studies</b><br>We visited or interviewed by telephone senior staff at 13 local authorities, 5 mainstream providers and 11 specialist providers.   | To understand local roles and relationships, and processes for placing young people in special education settings.           |
| <b>5 Economic modelling</b><br>We modelled the lifetime costs of people with disabilities through various public services from age 16.  | To estimate lifetime costs and explore the potential benefits of improving outcomes at 16–25.                                |
| <b>6 Cost, funding and outcome analysis</b><br>We analysed the National Pupil Database, the Individualised Learner Record and the Young People's Learning Agency's independent specialist provider database.      | To explore indicators of value for money across different sectors and providers, including variations in costs and outcomes. |



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